

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

RESIDENTIAL CAPITAL, LLC, *et al.*

Debtors.

Case No. 12-12020 (MG)

Jointly Administered

**ORDER DENYING ALLY FINANCIAL INC.'S RENEWED MOTION SEEKING TO
IMPOSE SANCTIONS**

On July 11, 2014, Ally Financial Inc. (“AFI”) filed a renewed motion to impose sanctions. *See Ally Financial Inc.’s Renewed Motion for Entry of an Order Imposing Sanctions*, dated July 11, 2013 (“Renewed Motion,” ECF Doc. # 7258). The Renewed Motion seeks an award of sanctions against the Brookstone Law Group (“Brookstone”) in light of its failure to dismiss an action filed in California against AFI barred by the release and injunction AFI received as part of the confirmed Plan in this case. On June 20, 2014, the Court granted in part and denied in part AFI’s motion to enforce the Plan release and injunction. *See In re Residential Capital, LLC*, 512 B.R. 179 (Bankr. S.D.N.Y. 2014). While the Court entered an order enforcing the Plan injunction, the Court denied without prejudice the request for sanctions because the information provided by AFI’s counsel in support of an award of attorneys’ fees and costs was insufficient to support an award of sanctions. *Id.* at 192. The Court stated in its opinion that “[i]n determining the amount of fees to award the Court will be guided, in part, by whether Brookstone complies with this Order without the necessity for further action by Ally.” *Id.* at 193-94. Brookstone did not initially dismiss the California action in response to the Court order to do so, but it did dismiss the action between the time the Renewed Motion was filed and when it came on for hearing on August 26, 2014.

In the circumstances of this particular matter, and in the exercise of the Court's discretion in awarding sanctions, the Court concludes that an award of attorneys' fees and costs to AFI is unnecessary to accomplish the purposes for which sanctions are intended. Brookstone complied before the Renewed Motion came on for hearing. While it is true that AFI incurred fees in connection with the motion practice in this matter, it is also true that AFI has benefitted beyond this matter, through the able efforts of its counsel, in obtaining a published opinion enforcing the Plan release and injunction. In the future, parties ignore the Plan release and injunction provisions at their peril. Therefore, the Renewed Motion is **DENIED**.

IT IS SO ORDERED.

Dated: August 26, 2014
New York, New York

Martin Glenn

MARTIN GLENN
United States Bankruptcy Judge